

REMARKS BY ALEX J. RUBIN, PRESIDENT
REVENUE PROPERTIES COMPANY LIMITED

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Revenue Properties and The Rubin Corporation represent a unique situation in Real Estate Development. Consider the following:


1. Our major activity is centered in Toronto and surrounding areas.

The rate of construction in this city is higher on a per capita basis than in any other city in the world. In absolute terms only New York has a higher gross volume of construction.

This fact has produced in this city some of the largest and most experienced builders to be found anywhere, and in this group Revenue Properties and The Rubin Corporation rate at the very top.

2. Revenue - Rubin has established diversification in Real Estate Development. The degree of diversification is unique in this business and includes --

- (1) Industrial and Commercial development - a Package Plan for leasing buildings.
- (2) Land subdivision and sale of house lots.
- (3) Building and marketing single family homes.
- (4) Apartment and Garden Home development for the general market.
- (5) Development of social housing for students, senior citizens, and low income families under special Government subsidized programs.
- (6) Development in the U.S.A. of multiple housing for limited income families.



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3. Revenue Properties is a real estate investment company which has increased the size of its portfolio over the last 6 years from approximately \$15 million to approximately \$30 million. On the other hand, The Rubin Corporation is a MANUFACTURING company, which has increased its sales volume during the same 6 years from zero to well over \$40 million in 1967.

I want to emphasize the Manufacturing aspect of our business because this is the area of rapid growth. After all --- during the next 35 years there will be built more housing, shops and factories, etc. than exists in total today. It will be manufacturers like The Rubin Corporation who will have to develop the capacity in both management and financing to do the vast job that must be done. I predict that companies like ours will merge or become associated with giant industrial corporations to do this job on the massive basis that will be necessary. An example of this is the merger of I. T. & T. and Levitt in the U.S.A. There are other mergers that have taken place and more are being explored. We believe this to be a trend in the right direction and one which would encourage for Revenue Properties.

4. Bad management and bad financing have been the two weak sisters that have dogged the poor track record of many public real estate companies.

In too many real estate companies the whole success of the company rests on the shoulders of one capable real estate entrepreneur without depth in management. Revenue Properties has depth in

management and more important has developed a system of autonomous divisions with suitable incentives to the individuals in charge. In this way the capacity of the company to perform is enormously increased.

The other area of great danger to a real estate enterprise is the assumption of too many liabilities that are not self supporting.

This is largely in the area of land acquisitions which is the most important portion of the inventory of any developer.

The carrying charges and capital repayments on large land holdings can play havoc with the cash flow of any real estate company. The Rubin Corporation currently has under its control over 40 sites in downtown Toronto, in the suburban areas of Metro and in the municipalities outside Toronto. These include 8 downtown sites. The remainder represents about 2,000 acres of land for development. With the help of financial partners who take full responsibility for down payment, carrying charges and development costs, and by virtue of long options, the actual carrying charges for The Rubin Corporation are very modest.

The Schedules will give you some indication of the size of our development program as well as its diversity.

We are essentially Packagers of Real Estate. We hire outside architects and engineers to help us develop projects on sites we control. Although we have our own construction arms, both industrial and

residential, we limit severely the amount of direct construction which we do ourselves, and favour hiring bonded contractors to do our construction, or entering into joint ventures with smaller but capable developers whose construction capacity is not fully utilized. In this way too, we are able to increase our productive capacity far beyond the scope of one integrated developer-contractor operation.

Here are a few points to keep in mind:

- (1) Toronto's continuing rapid growth is predictable.
- (2) Diversity of operations has given us the opportunity to emphasize and expand into whichever sector of real estate development is most profitable at any given time.
- (3) We are primarily a manufacturer of Real Estate, and our land and buildings under construction, as well as all buildings held by The Rubin Corporation that have been completed are inventory for sale. We are not tied to any one single major location, which may take 10 to 20 years to be completed. We are operating in 40 different locations on a diversity of projects with a maximum projection for completion of any development not exceeding 4 years.
- (4) Recognizing the importance of management depth, we have a program whereby a search for talent is constant. Each division head is required to train and divide his work load with a number 2 man. In addition, we encourage and provide opportunities for junior employees in construction, management and accounting, who show promise to widen their experience by moving them to different jobs in the company.

(5) We have evolved a successful system to maintain a high land inventory with very limited liability. We have removed one of the limitations to a fast growth in our volume of construction, because as a packager we are organized to utilize efficiently and economically the productive capacities of contractors and other developers. The other limitation to a large volume in the development of real estate is the availability of a steady flow of large amounts of financing ---- and there is a ready solution to that problem too, as I have already indicated.

Our profits for the next 4 years based on projects now in hand are very promising. ---- Judge for yourselves.

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